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FEDERAL COMMUNICATIONS COMMISSION
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December 19, 1996

William F. Caton
Acting Secretary
Federal Communications Commission
Room 222
1919 M St., NW
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

Re: CC Docket No. 96-45

Dear Mr. Caton:

Attached is the original plus 4 copies of Sprint Corp.'s Comments in the above-captioned proceeding. We have also provided Ms. Sheryl Todd of the Common Carrier Bureau with this filing on diskette in WordPerfect 5.1 format.

Sincerely,

Norina Moy

Norina Moy
Director, Federal Regulatory
Policy and Coordination

cc: Sheryl Todd

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DEC 19 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	

COMMENTS
of
SPRINT CORPORATION

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December 19, 1996

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Summary

Sprint applauds the Joint Board's efforts to devise an effective and reasonable universal support plan. The *Recommended Decision* contains numerous proposals which are in the public interest. The Joint Board's emphasis on the need to make subsidies explicit; its recommended use of a forward-looking proxy cost model; its recognition that competitive neutrality in funding universal service is critical; and its guidelines for choosing a neutral fund administrator(s); are all sound recommendations which the Commission should adopt. The Joint Board also recommended that all telecommunications carriers, not just IXCs, must contribute to the schools/libraries and rural health care support funds on the basis of interstate and intrastate revenues. This contribution base is competitively neutral and should be applied to the high cost and low income support funds as well. However, the Commission should adopt use of total retail revenues rather than revenues net of payments to other carriers. The former approach is simpler to administer and should lead to the same result for end users as occurs with use of the latter approach.

On the other hand, there are certain parts of the *Recommended Decision* which either go beyond the Congressional mandate, or do not go far enough. The Commission should decline to authorize subsidies to schools and libraries for CPE and ISW as well as to single line business customers. The Act mandates discounts to schools and libraries for telecommunications services, not CPE and ISW; and there is no evidence that single line busi-

ness customers are in need of federal support to enable them to obtain telephone service. The Commission should be keenly aware that there is no such thing as free money, and that all subsidies, no matter how laudable the underlying social goal, ultimately will be financed by ratepayers. Furthermore, excessively high subsidies introduce pricing distortions of their own which could prove extremely detrimental to the development of competition in the interexchange and local services markets.

The Commission also should take necessary action to move rates closer to cost, including raising subscriber line charges to eventually eliminate the interstate carrier common line charge; rebalancing interstate access and local service rates; and adopting a nationwide benchmark based on national average urban basic local service rates, including subscriber line charges, to use in determining the amount of high cost support eligible carriers will receive. These proposals are economically rational, will promote competition in both the local and interexchange markets, and, given the expanded low income support proposals recommended by the Joint Board (which Sprint endorses), should not pose a threat to the Nation's universal service goals.

The Commission should clarify that when the ILEC provides cost-based unbundled network elements, the universal service support payment goes to the CLEC; when a CLEC engages in pure resale of ILEC facilities, the subsidy goes to the ILEC.

Finally, Sprint recommends that the Commission establish a relatively modest initial list of services to be provided to rural health care providers, and then allow the market to determine whether demand exists among these customers for additional, more sophisticated telecommunications services. This will enable rural health care providers to obtain the services they currently need without requiring telecommunications carriers to immediately expend the resources to upgrade their networks to provide services for which there currently is little or no demand.

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Federal-State Joint Board on	)	CC Docket No. 96-45
Universal Service	)	

COMMENTS

Sprint Corporation, on behalf of Sprint Communications Company, L.P. and the Sprint local telephone companies, pursuant to Public Notice DA 96-1891, hereby respectfully submits its comments on the *Recommended Decision* of the Federal-State Joint Board on Universal Service, released November 8, 1996 (FCC 96J-3). Sprint believes that the *Recommended Decision* includes some sound recommendations and is a good starting point from which to establish an effective, fair, and competitively neutral universal service policy.

I. BACKGROUND AND INTRODUCTION.

Section 254 of the Telecommunications Act of 1996 reaffirms the Nation's commitment to quality telecommunications service at just, reasonable, and affordable rates, and sets forth the principles on which the preservation and advancement of universal service are to be based. In response to the mandate contained in Section 254, the Joint Board examined universal support mechanisms for high cost service providers; low income consumers; schools and libraries; and rural health care providers.

The resultant *Recommended Decision* is the subject of the instant proceeding. Here, the Commission has sought comment on the Joint Board's *Recommended Decision* generally, as well as specific information on several topics, including the application of the principle of competitive neutrality; the baseline amount of support to be provided to low income consumers; methods the Commission should use to identify high cost areas and economic need for purposes of providing discounts to schools and libraries; the scope of services that should be included in the rural health care subsidy; and the appropriate contribution base for high cost and low-income support mechanisms.

As discussed below, the *Recommended Decision* includes numerous policy proposals which are in the public interest. The Joint Board's emphasis on the need to make subsidies explicit; its recommended use of a forward-looking proxy cost model; its recognition that competitive neutrality in funding universal service is critical; and its guidelines for choosing a neutral fund administrator(s); are all sound recommendations which the Commission should adopt.

On the other hand, there are certain parts of the *Recommended Decision* which either go beyond the Congressional mandate, or do not go far enough. Federal and State regulators must be wary of the "free money" syndrome and the continuing inclusion of implicit universal service subsidies in access charges. Because subsidies are ultimately borne by end users, the Commission must carefully balance the advancement of certain social goals with the costs to consumers of achieving such goals. If explicit subsidies are set at excessively high levels or are not competitively neutral, or if implicit subsidies remain, pricing distortions will be exacerbated to the detriment of both universal service and competition in the local and long distance markets. Therefore, Sprint urges the Commission to take the necessary steps to achieve cost-based pricing to the extent possible, and to target universal service subsidies at those services and subscribers who have a genuine and legitimate need for them.

II. THE COMMISSION SHOULD ADOPT MANY OF THE JOINT BOARD'S RECOMMENDATIONS.

The *Recommended Decision* includes numerous recommendations which are clearly in the public interest and should therefore be adopted. These recommendations include the following:

A. Subsidies Should Be Explicit.

Currently, interstate access rates paid by interexchange carriers include billions of dollars of universal service subsidies.[1] These implicit subsidies inflate long distance rates (and thus suppress demand), provide an artificial incentive for IXCs to bypass the access facilities of incumbent LECs, discourage or prevent more efficient competitors from entering the market, and, as exchange carriers enter the toll markets, provide an opportunity for the ILEC to engage in price squeezes. Perhaps in recognition of these deleterious effects, the Act requires that universal service support contributions be "equitable and nondiscriminatory" (Section 254(b)(4)); that the support mechanisms be

[1] These subsidies include approximately $177 million for Link Up and Lifeline service; $797 million in high cost assistance; and $446 million in Long Term Support (LTS). IXCs also pay in excess of $5 billion in subsidies associated with the CCLC, the RIC, and the DEMS subsidy in the local switching rate element.

"specific and predictable" (Section 254(b)(5)); and that competitive services not be subsidized by services that are not subject to competition (Section 254(k)).

Consistent with the statutory mandate, the Joint Board has appropriately recommended that Lifeline, Link Up, LTS and high cost assistance subsidies be removed from interstate access charges and instead be recovered through separate universal service support mechanisms funded by all telecommunications carriers. This recommendation will help to move interstate access rates closer to (although still not equal to) their economic cost and thus reduces some of the pricing distortions and incorrect market entry signals caused by the implicit subsidies. Recovering these subsidies from all telecommunications carriers also relieves the disproportionate burden on one industry segment and thus is more competitively neutral than the current funding mechanism. Making subsidies explicit also makes the exact amounts being collected more obvious, and thus helps to make the task of evaluating the relative merits of such subsidy plan somewhat simpler. The Joint Board's recommendation here should accordingly be adopted.

B. Use of A Forward-Looking Proxy Cost Model Is Economically Rational.

Sprint firmly endorses the Joint Board's recommended use of a proxy cost model to help determine universal service support. Use of forward-looking costs -- the costs of providing local service by an efficient firm -- is economically rational and encourages carriers to operate efficiently. The proxy cost model will also help to target subsidies where they are most needed, since the cost analysis is performed at a fairly disaggregated level (in the case of the Sprint-sponsored Benchmark Cost Model, version 2 (BCM2), in Census Block Groups).

Sprint also endorses the criteria recommended by the Joint Board for evaluating the reasonableness of any proxy model used to estimate the forward-looking economic cost of providing the supported services.[2] As Sprint has explained in detail elsewhere,[3] we believe that the BCM2 model best meets all of the recommended criteria. Sprint plans to be an active participant in the Joint Board's proxy cost model workshops and is hopeful that the on-going refinements to BCM2 will render this model acceptable to the Joint Board, the Commission, and other interested parties.

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[2] These criteria include the following: technology assumed in the model should be the least cost, most efficient and reasonable technology for providing the supported services that is currently available for purchase; any network function or element necessary to produce supported services must have an associated cost; only forward-looking costs should be included; the model should measure the long-run costs of providing service by including a forward-looking cost of capital and economic depreciation expenses; the model should estimate the cost of providing service for all businesses and households within a geographic region; a reasonable allocation of joint and common costs should be assigned to the cost of supported services; the model and all underlying data, formulae, computations, and software should be available to all interested parties for review and should be verifiable; the model should include the capability to examine and modify the critical assumptions and engineering principles (*Recommended Decision*, ¶277).

[3] *See, e.g.*, Comments of Sprint Corp. filed in this proceeding (*Cost Models in Universal Service Notice of Proposed Rulemaking*) on August 9, 1996.

C. Competitive Neutrality in Funding Universal Service Is Critical.

Section 254(b)(4) requires that contributions to the universal service support mechanism be equitable and nondiscriminatory, and the Commission's Public Notice appropriately seeks comment on how the principle of competitive neutrality should be applied within the context of universal service. The Joint Board has made three recommendations in particular which embody the principle of competitive neutrality: having all telecommunications carriers, not just IXCs, contribute to the universal service support mechanism; making the frozen high cost subsidy portable (*i.e.*, the subsidy goes with the customer, no matter which service provider he or she selects); and using both interstate and intrastate revenues to determine contributions to the school, library, and rural health care universal service funds.[4] The Commission should adopt each of these recommendations.

As noted above, existing interstate universal service subsidies are currently funded entirely by IXCs through interstate access charges. This obviously imposes a disproportionate burden on one segment of the telecommunications industry and thus cannot be considered to be competitively neutral. The Joint Board's recommendation here helps to correct this imbalance, consistent with Section 254(b)(4), which requires that "all providers of telecommunications services" contribute to the universal service

[4] However, as discussed below (pp. 9-10), Sprint recommends use of retail revenues rather than revenues net of payments to other carriers as the basis on which universal service contributions are calculated.

fund. Indeed, even if the statute did not mandate contributions from all carriers, such action would still be warranted, since all carriers benefit from maximizing the number of customers who have access to their services.

The Joint Board's recommendation that a CLEC receive frozen support payments for subscribers it has captured from an ILEC which is eligible to receive such payments, or for new customers the CLEC adds in the ILEC's study area, also should be adopted. As the Joint Board correctly noted (¶296), to do otherwise would "creat[e] a competitive disadvantage for alternative facilities-based LECs." By linking the subsidy to the line rather than to a particular service provider, the Commission will avoid a situation in which the ILEC continues to receive support for a customer lost to a CLEC.

Finally, Sprint endorses the Joint Board's recommendation that contributions to the school, library and rural health care support mechanisms be based upon telecommunications carriers' combined interstate and intrastate revenues, and believes that this same revenue base should be used for determining contributions to the high cost and low income funds as well. Using total revenues, and preferably total retail revenues, is warranted for several reasons.

First, the services supported by the universal service funds -- local dial tone and access to advanced telecommunications and information services -- are intrastate in nature. Providers of intrastate services in high cost areas will be among the primary beneficiaries of universal service subsidies. For these reasons, it is only reasonable to consider intrastate revenues in determining universal service contributions.

Second, use of interstate only revenues is not competitively neutral, since this revenue base exempts the majority of LECs' revenues (local service, intraLATA toll, and other intrastate services) while including the majority of IXCs' revenues. Placing such a disproportionate burden on IXCs and other carriers whose revenues are primarily interstate is inconsistent on its face with Section 254(b)(4).

Third, use of interstate-only revenues will likely have serious detrimental economic consequences. If the multi-billion universal service fund is recovered from a relatively small revenue base (*i.e.*, interstate only revenues), the surcharge will necessarily be higher than if a larger revenue base (*i.e.*, interstate plus intrastate revenues) is used. The higher the surcharge, the greater will be the negative effect on demand for interstate services, especially since consumers' elasticity of demand for long distance telecommunications services is greater than their elasticity of demand for local telecommunications services.[5] Moreover, local service providers who receive high cost support, but do not contribute to the support mechanism on the basis of their intrastate revenues, are, to a certain extent,

[5] *See, e.g.*, *ex parte* presentation of Sprint to Jim Casserly, October 15, 1996, p. 2, in this docket (estimated elasticity for basic access to the network is .03 - .05; for interLATA toll is .72 - .80).

insulated against the pressure to operate as efficiently as possible. Such results are hardly in the public interest.

Fourth, use of both intrastate and interstate revenues appears to be allowed by the 1996 Telecommunications Act. Section 254(d) of the Statute requires that every telecommunications carrier that provides interstate services contribute to the universal service support mechanisms. It does not specify that only interstate revenues should be considered and thus does not prohibit the Commission from adopting a broader, more equitable, basis for determining universal service support contributions.

Fifth, as several of the Joint Board members correctly noted, as technologies converge, and as LECs enter the long distance market and IXCs and other companies enter the local market, "there will be a blurring of lines between interstate and intrastate revenues."[6] It will become increasingly difficult to identify and audit interstate-only revenues; indeed, carriers would have an incentive to under-report their interstate revenues to minimize their subsidy burden if interstate only revenues were adopted as the contribution base. Thus, it will become more and more difficult to administer an interstate-only fund.

Sixth, use of retail revenues is an administratively simple basis for determining carriers' contribution to the universal service support mechanisms, and ultimately results in the same surcharge on end users as would result from netting out payments

[6] *See* Separate Statements (released November 7, 1996) of Commissioner Chong, p. 10, and of Commissioners Johnson and Nelson, p. 3.

to other carriers, in one less step. If revenues net of payments to other carriers is the contribution base, LECs will simply pass through a portion of their universal service contribution to IXCs in the form of higher access charges, and IXCs will accordingly adjust their long distance service rates to recover this LEC pass through. (LECs and IXCs will also pass through to their end user customers the universal service contributions based on the value added portion of their revenues as well.) Basing carrier contributions on interstate and intrastate retail revenues eliminates the interim step (pass through on access charges) and will allow each carrier to recover its universal service funding obligation via an explicit charge on each end user's bill. This will help to make the cost of universal service clear and explicit in terms of customer impact, and thus will assist regulators in evaluating the impact of their decisions regarding the scope of universal service support.

D. A Neutral Fund Administrator Should Be Appointed.

The Joint Board recommended several criteria to govern selection of a neutral universal service fund administrator(s): the administrator is to be chosen through a competitive bidding process; be neutral and impartial; not advocate specific positions to the Commission in non-administration-related proceedings; not be aligned or associated with any particular industry segment; and not have a direct financial interest in the support mechanisms established by the Commission (*Recommended Decision*, ¶830). The Commission should adopt each of these recommendations.

Allowing an entity affiliated with one service provider or industry segment to control the assignment and use of critical public resources gives rise to the possibility of anti-competitive behavior. As has become clear in other situations -- administration of the North American Numbering Plan, of the toll free data base, and of the local number portability data bases -- even the appearance of bias can lead to allegations of discrimination and unfair competitive practices. Sprint believes that the Joint Board's recommendations regarding selection of a neutral administrator for the universal service support mechanism will help to ensure the fair and efficient administration of what will likely be a multi-billion dollar fund, and accordingly endorses such recommendations.

III. THE COMMISSION SHOULD NOT ADOPT CERTAIN OF THE JOINT BOARD'S RECOMMENDATIONS.

As discussed above, Sprint firmly endorses many of the proposals contained in the Joint Board's *Recommended Decision*. However, as discussed below, there are two broad areas of concern. First, Sprint believes that the *Recommended Decision* exceeds the Congressional mandate as regards subsidizing CPE and ISW for schools and libraries, and telecommunications service for single line business subscribers. On the other hand, Sprint believes that the *Recommended Decision* does not go far enough as regards removal of existing, implicit subsidies.

A. The Commission Should Not Authorize Subsidies to Schools and Libraries for CPE and ISW.

Section 254(h)(1)(B) of the 1996 Act specifies that "elementary schools, secondary schools, and libraries for educational purposes" shall receive telecommunications services within the definition of universal service "at rates less than the amounts charged for similar services to other parties." The Joint Board has recommended (¶547) that this discount be set at 20-90%, depending upon economic need and location of the school or library in a high, medium or low cost area. This discount is to be applied not only to "whatever package of telecommunications services [schools and libraries] believe will meet their telecommunications service needs most effectively and efficiently" (¶458),[7] but also to equipment (routers, hubs, network file servers, and wireless LANs) (¶477) and inside wiring costs (¶473). The Joint Board also recommended that support for schools and libraries be capped at $2.25 billion per year (¶440).

Sprint agrees that providing discounted telecommunications services to schools and libraries enhances the nation's education infrastructure and is thus in the public interest. However, the Joint Board's recommendation that such discounts be applied to CPE and ISW goes beyond what Congress mandated. Section 254 requires discounts for telecommunications *services*; it does not require discounts for internal connections or for equipment and indeed does not even mention ISW or CPE. The Statute also distinguishes between services and equipment elsewhere, for example by including separate definitions for CPE and telecommunications

[7] This includes discounts on Internet access, defined by the Joint Board as encompassing basic conduit access from the school or library to the ISP, the subscription fee paid to the ISP, and electronic mail (¶463).

services (Sections 3(14) and 3(46)). The Commission itself has long distinguished between ISW, CPE, and telecommunications services (ISW and CPE are, for example, deregulated, while telecommunications services obviously remain regulated), and there is no reason to abandon such distinction in the instant proceeding. Not every desirable social goal should receive universal service support, and, as Commissioner Chong aptly noted (Separate Statement, p. 8), "we should be cautious about expanding the scope of the covered 'services' until we are sure we have met our mandatory statutory obligations for all groups designated in the Act and have sufficient funds to do so."

Limiting universal service support to telecommunications services does not mean that schools and libraries will have inadequate access to Internet and other services. As Commissioners Johnson and Nelson noted (Separate Statement, p. 2), "States have uniformly supported this broad social policy of providing access to technology for the benefit of residents and schoolchildren." Citizens may and do support local bond issues to finance schools' and libraries' equipment and inside wiring needs; schools and libraries also benefit from corporate and private donations and from volunteer efforts. These sources of funding reflect deliberate choices on the part of taxpayers and citizens as to the allocation of social resources and are preferable to an indirect assessment imposed by a regulatory body with no taxation authority.

Finally, the Joint Board's recommended subsidies for CPE and ISW are likely to cause significant economic distortions. The

Commission should be keenly aware that there is no such thing as free money, and that the costs of the proposed multi-billion dollar annual subsidy will ultimately be borne by consumers of telecommunications services generally. The higher the surcharge needed to recover the costs of funding the school/library support mechanism, the higher will be the rates for telecommunications services generally. Consumers will respond to rate increases by using fewer telecommunications services, and, in the case of business customers, by passing along their increased costs of doing business to their customers. While these are an unavoidable consequence of any universal service support policy, the Commission should carefully consider whether the public interest would be better served by limiting the multi-billion dollar annual school/library fund to a more manageable level.

B. The Commission Should Not Authorize Subsidies to Single Line Business Customers.

The Joint Board has recommended (¶91) that single-line business customers in high cost areas should be eligible to receive universal service support, arguing that for such customers, "the price of telephone service may be prohibitive without support."

The Commission should decline to adopt this recommendation. Insofar as Sprint is aware, there is no information in the record to support the hypothesis that small businesses will forego local telephone service in high cost areas unless such service is subsidized. To the contrary, it would seem extremely difficult, if not impossible, to run a business without access to basic telephone service. If a primary goal of universal service is to keep telephone service affordable for the maximum number of customers, then it is reasonable to target universal service support only at those customers who would not otherwise be able to afford it. In the absence of any information to the contrary, single line businesses should be presumed able to afford telephone service and not in need of a federal subsidy for such service.

C. The Commission Should Take Necessary Action to Move Rates Closer to Cost.

As discussed above, the Joint Board has taken positive action to make several universal service charges (the current USF, Lifeline, Link Up and LTS subsidies) explicit. However, the *Recommended Decision* does not go far enough. Billions of dollars of implicit subsidies remain in interstate access charges.[8] As discussed below, the Commission should take aggressive action to move rates towards cost, by increasing subscriber line charges; rebalancing rates as between interstate access and local service; and adopting a modified benchmark figure based on national average urban rate for basic local service, including subscriber line charges.

1. Subscriber Line Charges Should Be Increased.

Two of the implicit subsidies identified by the Joint Board (the CCLC less LTS costs, and the DEMS weighting subsidy in the local switching rate element), as well as the residual interconnection charge (RIC), will continue to be financed by IXCs. Rather than attempting to move rates closer to cost, the Joint

[8] Billions in subsidies remain implicit in intrastate charges (access, toll, and vertical feature rates) as well. State commissions should also act aggressively to remove such subsidies and seek cost-based rates for all services.

Board has instead recommended that subscriber line charges (SLCs) for residential and small business customers not be increased, and that they be decreased if the Commission decides to include both interstate and intrastate revenues in the contribution base for the high cost and low income funds (¶754).

The Commission should decline to adopt these recommendations. It should instead take necessary action to move rates closer to cost by increasing subscriber line charges and rebalancing rates to remove the local service subsidies still embedded in interstate access rates.

An increase in subscriber line charges to recover non-traffic sensitive (NTS) loop costs (NTS costs currently recovered by the CCLC and by the interstate local switching rate element) is both reasonable and justified. As the Joint Board recognized (¶775), recovery of non-traffic sensitive loop costs from the usage-sensitive CCLC is very inefficient, causing service and facilities bypass and distorting market entry signals. These pricing distortions are avoided by recovering loop plant costs from the cost causer, eliminating the interstate CCLC, and decreasing the interstate local switching rate by the amount associated with currently allocated NTS loop costs. Subscriber line charges have not increased since April 1989 and at a minimum should be increased to reflect the impact of inflation.

There is little reason to believe that a moderate increase in subscriber line charges will adversely affect universal service. Economic research consistently points out that income, and not price, is the major factor for determining whether a residence subscribes to basic telephone service. For example, Lester Taylor has stated that "...the primary factor [for determining subscribership] is really income, or rather its absence."[9] Cain and MacDonald (*Journal of Regulatory Economics,* 1991) found that where measured service is available (which it is across most of the country), changes in flat rate prices have no effect on penetration rates at all, and concluded that these results "suggest that telephone penetration rates...may be quite insensitive to changes in the overall level of rates...." The Joint Board's recommended expansion of the Lifeline and Link Up programs will provide adequate protection to low income consumers for whom an increase in the SLC might be a hardship, and even those subscribers who do not receive Lifeline support benefit from the decrease in long distance rates which results from an increase in the SLC. Experience has shown that past increases in the SLC have been more than offset in aggregate by the concomitant decreases in long distance rates, and there is no reason to believe that such experience would not be repeated today, especially given the intense competition in the interexchange market.

2. Local and Interstate Access Service Rates Must Be Rebalanced.

In addition to the expansion of Lifeline and Link Up programs, the Joint Board has recommended other enhanced support for

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[9] Lester Taylor, *Telecommunications Demand in Theory and Practice,* Kluwer Academic Publishers, 1994. In this book, Taylor outlines several works (including Perl 1978 and 1983, Bell Canada 1987, Taylor and Kridel 1991) in which the effects of changes in income outweigh the effects of changes in price on telephone penetration rates.

low income consumers, including a prohibition on disconnection of local service for non-payment of toll calls,[10] support for voluntary toll blocking and toll limitation for Lifeline consumers, and prohibition on service deposits from Lifeline customers who subscribe to toll-blocking services. Adoption of these recommendations will facilitate rate rebalancing as between interstate access rates and local service rates. The expanded low income support mechanisms appropriately target assistance to those consumers in greatest need of such assistance, and provide an effective telephone service safety net. This should mitigate concerns about the potential for a decline in subscribership which might result from moving local rates closer to cost. Therefore, in conjunction with adoption of the Joint Board's low income support recommendations, the Commission should act promptly to further eliminate remaining universal service subsidies implicit in interstate access charges.

3. The National Average Benchmark Should Be Based on National Average Urban Basic Local Service Rates.

The Joint Board has recommended (¶309) adoption of a nationwide benchmark to use in calculating the amount of support eligi-

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[10] While Sprint does not oppose the Joint Board's recommended prohibition on disconnection of local service for non-payment of toll by Lifeline customers, we would suggest that such protection be extended only to Lifeline customers who subscribe to toll blocking or toll limitation services, and that the toll limit be set at a reasonable level, such as $10. Given the availability of moderately priced long distance calling plans (such as Sprint Sense, which offers $.10/minute off-peak calling), a $10 limit provides adequate access to long distance service while still offering IXCs some protection against high uncollectible rates through the LECs' disconnection ability.